

SERVICE NEW SOUTH WALES ACCELERATED DISTRIBUTION STRATEGY – SITE ROLLOUT PROGRAM EVALUATION

22nd June 2018



oakton

A DIMENSION DATA COMPANY

CONTENTS

CONTENTS	2
1. EXECUTIVE SUMMARY	3
1.1 Background	3
1.2 Conclusion	4
1.3 Key Findings	4
2. REVIEW OBJECTIVES AND APPROACH	7
2.1 Review Objectives/Scope	7
2.2 Approach.....	7
2.3 Areas for consideration	8
2.4 Key Contacts.....	8
2.5 Key documentation reviewed.....	9
3. ADS PROJECT OVERVIEW	10
3.1 Key control strategies, plans and processes to manage ADS.....	10
3.2 Deployment overview.....	10
3.3 Financial overview	12
4.0 SERVICE NSW AND THE ADS BUSINESS CASE	14
4.1 Service NSW	14
4.2 Business Case	14
5.0 PROGRAM EVALUATION FINDINGS - NSW TREASURY GUIDELINES.....	16
5.1 Document Management.....	16
5.2 Value for money and accountability	17
5.3 Procurement	18
5.4 Risk Management	19
5.5 Lessons Learnt	19
6.0 TABLE OF FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES	20
7.0 APPENDIX A – BROADER ADS PROGRAM FINDINGS.....	23

Document version and authorisation

Title	Version	Author	Reviewer	Date
Oakton Draft report	0.4	Todd Dewey	Paul Marsh	18/6/18
Draft for Management Comment	0.6	Todd Dewey	Andrew Woods	22/6/18
Oakton FINAL	1.0	Todd Dewey		22/6/18

Prepared by: Oakton Services Pty Ltd ABN 31 100 103 268

Sydney. Ground Floor, Tower 3, Darling Park, 201 Sussex Street, Sydney NSW 2000 t + 61 2 8249 5000

1. EXECUTIVE SUMMARY

1.1 Background

Oakton were engaged by Service NSW to undertake a program evaluation of the Accelerated Distribution (ADS) rollout of Service NSW, with a particular focus on physical site rollout. This program evaluation has been conducted in accordance with NSW Treasury evaluation guidelines and the Evaluation toolkit.

The Business Case for the ADS Program (second business case) was approved by the Expenditure Review Committee (ERC) on 1 April 2014. This included capital expenditure of \$74m over four years. A key component was to develop the future Network Strategy, noting that this physical network required further refinement and on-going review. The Strategy was updated in May 2014 and included the merging of some existing motor registries.

The initial project brief included 139 points of presence by June 2018 and a customer coverage target of 80%, the merger of 21 Roads and Maritime Services (RMS) registries. Throughout the duration of the program, a further five registries, one Heavy Vehicle Inspection Station counter and four maritime counters were approved to merge.

The increase to the scope of the project during delivery is reflected in the 20% budget increase from the original business case, while the faster delivery of the project played a significant part in the 14% underspend. Final expenditure was only 4.5% over the original budget.

A total of 143 points of presence were deployed as part of the ADS program comprised of service centres, agency store-in-stores, digital sites – digital stores and unassisted self-service digital kiosks. This compares to a business case target of 139 points of presence, as can be seen from the table below.

Point of presence	Actual	Business case
Service Centre	81	79 (mix of Large and Mini)
Agency store-in-store	32	30
Digital – digital stores and unassisted self-service digital kiosk	30	30 (digital pods)
Total	143	139

In total 18 Digital kiosks were opened during the program.

NSW government policy requires an evaluation of programs and projects so that an opportunity for lessons learned to be incorporated into the planning of future projects occurs. Service NSW are currently in the process of rolling out the Rural and Regional Service Centre program.

Please refer to Section 2 for the evaluation Scope and Objectives, including Sections 5 and 6 for Key Findings.

1.2 Conclusion

As a result of our evaluation, using the NSW Treasury evaluation process, we conclude that the ADS physical site deployment program was largely managed in an efficient and effective manner across the in-scope areas. The physical site deployment program was deployed within the deployment timeframe, within the program expenditure budget and achieved the forecasted total number of points of presence.

However we have noted a number of learning opportunities and opportunities for improvement in program management which are noted in Sections 5 & 6 together with our key findings and recommended actions and management response, some of which have already been identified and addressed by management.

Whilst our evaluation was largely focused on the physical site deployment program, during our review we identified a number of opportunities for improvement related to broader program components. We have not provided further detail in relation to these items, however we note the nature of these opportunities below under Secondary findings.

1.3 Key Findings

A summary of the key findings as a result of our Evaluation of the physical site deployment program is provided below.

Detail in relation to these findings is provided in Section 5 together with specific recommendations. An action plan, with management's response to the recommendations is detailed in Section 6. We have cross referenced this table to the scope and objectives for this review.

Section	Key Findings
5.1	<p>Document management</p> <p>During our review we identified the following:</p> <ul style="list-style-type: none">• The ADS program uses the TRIM records management system and HP Records Management 8.0 to manage program documents, however there has been limited training in the use of HP RM8.0. The Program Manager was unable to access all documents retained on TRIM / RM8.0 due to security and access settings;• document templates and folders were established, however were not used, program document management practices were undertaken in an inconsistent and incomplete manner;• instances where we were unable to locate key program documents, documentation was filed in the electronic drive in an inconsistent manner and program related documents were held outside the Program G drive on RM8.0 and Google Drive;

Section	Key Findings
	<ul style="list-style-type: none"> key program related emails were not stored centrally; and there was limited program documentation retained during the early stages of the program.
5.2	<p>Value for Money and Accountability</p> <p>The concept of value for money is closely related to the realisation of benefits associated with the ADS Business Case. During 2015/16 the Audit Office of NSW undertook a detailed review of the benefits realisation framework across the Service NSW program including the ADS program. We have provided a brief outline of some of the key findings of that review below under Secondary findings. Further comment on the outcomes of this review is beyond the scope of our evaluation.</p> <p>The original site deployment capex budget was set at \$74m. The initial project brief included the merger of 21 Roads and Maritime Services (RMS) registries. Throughout the duration of the program, a further five registries, one Heavy Vehicle Inspection Station counter and four maritime counters were approved to merge. As a result of these changes, the ADS budget for opex and capex was increased significantly. We were unable to obtain supporting documentation to evidence formal approval of the increase in the program budget from \$165m to \$205m, including the increase in physical site deployment capex from \$74m to \$88m.</p>
5.3	<p>Procurement</p> <p>During the early stages of the ADS program, we noted instances where better practice procurement activity was not implemented. There were instances where tendering processes were not followed, market testing was not undertaken and some goods and service providers were not engaged under a formalised contract arrangement. However as the program developed, procurement activity was improved and better value for money was achieved in particular across the site deployment phase.</p>
5.4	<p>Risk management</p> <p>Risks management practices were not consistently applied in accordance with better practice standards throughout the duration of the ADS program. An ADS Site Rollout risk register was developed during 2015 and maintained to late 2016. There was no formal risk register developed at the commencement of the program, prior to 2015.</p> <p>The site rollout risk register was not maintained beyond December 2016.</p> <p>However risks and issues were regularly reported via fortnightly PMO reports starting in October 2016 through to July 2017.</p>
5.5	<p>Lessons Learnt</p>

Section	Key Findings
	Whilst we identified that members of the Service NSW program team had undertaken a number of program reviews designed to identify and document lessons learnt, feedback suggested that this process was not centralised and may not have resulted in the incorporation of those lessons in the development of ongoing program activity.
	Service Delivery No specific findings in relation to the Site Deployment program, refer table of Secondary Findings below.
	Sustainability No specific findings in relation to the Site Deployment program, refer table of Secondary Findings below.
	Governance No specific findings in relation to the Site Deployment program, refer table of Secondary Findings below.
	Stakeholder Management No specific findings in relation to the Site Deployment program, refer table of Secondary Findings below.
	Change Management No specific findings in relation to the Site Deployment program, refer table of Secondary Findings below. Program Change noted in Value for Money and Accountability above.

We have included as an Appendix to this report some further observations in relation to the Broader ADS program, since although out of the direct scope of this review they have a major impact due to the interaction with the Site Rollout and overall consideration of the ADS Business Case.

The table below includes key data in relation to specific site deployment:

Specific Site Deployment business case objectives	Oakton assessment
Rapid implementation of a more digitally focused mix of service centres, store-in-store kiosks and digital pods	Achieved
Increased customer access to services through additional points of presence across both metro and regional areas	Achieved
Deliver an innovative mix of service channels to balance the needs of customers who prefer face to face interaction, whilst also allowing for digital services	Achieved
Increase NSW population coverage to 69% by 15/16 and 80% by 17/18	Achieved
Greater product coverage and provision of multi-agency transactions through a one stop shop	Achieved

2. REVIEW OBJECTIVES AND APPROACH

2.1 Review Objectives/Scope

2.1.1 Scope

The Evaluation was used to assess the ADS physical site deployment program's effectiveness and efficiency and any opportunities for improvement in future projects. The Evaluation was a Management Assurance Review (Low Intensity) as per the NSW Treasury Health Check workbook and evaluated:

- Design Factors to assess whether the project was “doing things right”;
- Maturity Assessment to assess how the project was being managed, compared to what was proposed in project documentation. This will include the establishment and operation of appropriate level of governance arrangements;
- Progress towards realising benefits identified in the business case.

The Evaluation conducted:

- An assessment of physical site deployment project delivery performance, risk and controls effectiveness;
- A high-level review of the ADS project's business case; and
- Overall investment effectiveness.

Out of Scope items: As noted above the focus of this review was on ADS Site Rollout as such it did not include consideration of the other major components of the ADS Business Case – being the Payments Platform and Customer Service Centre. However some commentary on these items is provided where they impact on Site Rollout and wider business case issues

2.1.2 Objectives

The objective of the NSW Government Program Evaluation Guidelines (January 2016) is to help agencies to conduct consistent, transparent and high quality evaluations of NSW Government funded programs. Evaluations ideally focus on three key elements:

- Outcome - seeks to verify a causal link between pre-defined program activities and outcomes. Ideally it may also identify who the program works best for and under what circumstances.
- Process - how a program is delivered, describing the program's operating conditions and identifying processes which hindered success.
- Economic - identifies, measures and values a program's economic costs and benefits.

2.2 Approach

The approach taken in this review included:

- Obtain and review relevant program documentation with a particular focus on physical site deployment;
- Conduct interviews with relevant stakeholders;

- Collate data for analysis;
- Evaluate results and findings;
- Identify opportunities for improvement;
- Development recommendations;
- Conduct exit interview and obtain management feedback;
- Ongoing weekly reporting on the status of risks/controls reviewed plus work plan;
- Draft report addressing key findings and incorporate opportunities for improvement;
- Issue final report with executive summary.

2.3 Areas for consideration

In conducting the Program Evaluation we were cognisant of the following specific areas for consideration, in line with the NSW Treasury Health Check workbook, to identify potential issues:

- Service delivery
- Value for money and affordability
- Sustainability
- Governance
- Risk management
- Stakeholder management
- Change management

2.4 Key Contacts

Key staff with whom we held discussions, or otherwise received feedback from, during our review included:

Interviewee	Title	Date of interview/s
Andrew Woods	Program Manager	multiple
Jody Grima	Executive Director Service Delivery	18 May '18
Kristie Clarke	Director Channel Planning, Release Management and Registry Network (by telecon)	15 May '18
Graham Tobin	Director, Operations	17 May '18
Tania Contogee	Portfolio and Physical Security Manager	15 May '18
Kylie DeCourteney	Chief Customer Officer	14 May '18
Peter Casey	Project Finance Director	14 May '18
David Finlayson	Manager Alternative Channels (by telecon)	14 May '18
Bill Byrne	Manager, Community Engagement and Diversity	15 May '18
Ben Johnson	Director, Office of the CEO	4 June '18
Colin Jones	Chief Technology Officer	4 June '18

We appreciate the assistance provided by all staff and contacts during our review.

2.5 Key documentation reviewed

Key documentation reviewed as part of this evaluation included:

- ADS Business Case – March 2014;
- Service NSW Strategic Plan 2016;
- Service NSW Roadmap 2015/16;
- Service NSW Journey 2013/14;
- Master Program schedules;
- Program Roadmaps;
- Implementation plan;
- Deliverables tracker;
- Scorecards – various;
- Utilisation data;
- Program Financial reporting;
- Joint Steering Committee meeting Agenda, minutes, actions – various;
- Project Steering Committee meeting Agenda, minutes, actions – various;
- Site Deployment Merger status reporting – various;
- Weekly program status reporting – various;
- Digital weekly status reports;
- Merger Working group meeting Agenda, minutes – various;
- Merger Stream Lead meeting minutes – various;
- Risk register;
- Issues register;
- Ministerial Briefing Notes – various;
- Site Go-Live decision Briefing Notes - various sites;
- Post Implementation review 2015;
- RMS Headcount movement reporting;
- Dependency tracker;
- Audit Office of NSW review Benefits Realisation and SNSW response – 2015.

3. ADS PROJECT OVERVIEW

3.1 Key control strategies, plans and processes to manage ADS

The following list summarises the key control strategies, plans and processes noted around the ADS program/project

- Documented Business Case;
- Documented governance framework for the program including procurement governance structure, roles and responsibilities of evaluation committee, steering committee, CEO, and other key stakeholder representatives;
- Program milestones monitored and recorded to track the progress of the program and guide actions;
- Most program expenses were budgeted for and monitored;
- Initial gateway review was conducted to consider if sufficient procurement discipline was being applied to the development and implementation of the project (although note opportunity for improvement);
- Stakeholder Communications Plans, training and engagement mechanisms were planned and conducted;
- Agency and Ministerial briefings.

Further information on these items is provided within the body of our report in Section 4 and 5.

3.2 Deployment overview

In accordance with the initial business case, the interim physical network deployment was set at 135 points of presence and 69% population coverage by June 2016 with a target end state physical network design of 139 points of presence and customer coverage target of 80% by June 2018.

The initial ADS Business Case defined points of presence to include large service centres, mini service centres, store in store sites and digital pods. As a result of subsequent planning in support of the business case, large service centres and mini service centres were combined into service centre, digital pods were deployed as digital stores including a mix of assisted digital stores and unassisted digital self-service kiosks. Store in store sites have been deployed as Council Agencies.

The program was further re-phrased to include 143 physical points of presence by June 2017.

The table below sets out actual opening dates for sites during the ADS program.

Period	Actual (number)	Actual Sites
July 13 – June 14	18	Kiama, Haymarket, Tweed Heads, Orange, Dubbo, Tamworth, Parramatta, Wynyard, Gosford, Newcastle, Wagga Wagga, Port Macquarie, Wollongong, Chatswood, Queanbeyan, Lismore, Liverpool, Penrith
July 14 – June 15	18	Hurstville, Blacktown, Burwood, Wetherill Park, Maitland, Marrickville, Armidale, Grafton, Bondi Junction, Broken Hill, Albury, Bankstown, Bathurst, Coffs Harbour, Castle Hill, Goulburn, Botany, Warners Bay
July 15 - June 16	27	Hornsby, Lithgow, Cowra, Deniliquin, Batemans Bay, Ryde, Richmond, Toukley, Parkes, Macarthur, Auburn, Warrawong, Wallsend, Corrimal, Silverwater DT Hub, Tuggerah, Miranda, Mudgee, Narrabri, Erina, Cooma, Rozelle, Singleton, Young, Rockdale, Warriewood, Kempsey,
July 16 – July 17	18	Cessnock, Ballina, Raymond Terrace, Bega, Ulladulla, Mittagong, Mt Druitt, Tuncurry, Nelson Bay, Taree, Griffith, Brookvale, Casino, Inverell, Narooma, Eden, Moruya, Nowra
Total	81	

The tables below sets out opening and closing dates for Digital kiosks and unassisted self-service centres.

Digital kiosk site	Opening date	Closing date
North Sydney	15-Dec-14	28-Aug-15
Bella Vista	15-Dec-14	28-Aug-15
Northbridge	16-Dec-14	06-Sep-15
Randwick	13-Oct-15	01-Apr-16
Easter show 2016	17-Mar-16	31-Mar-16
Luna Park	17-Jun-16	01-Jun-16
Blacktown	17-Nov-15	13-Mar-17
Chatswood	17-Nov-15	13-Mar-17
Broadway	29-Sep-15	28-Mar-17
Warringah Mall	14-Mar-17	08-May-17
Easter show 2017	Mar-17	Mar-17
Bondi Junction Digital	16-Jun-15	29-May-17
Penrith Digital	01-Mar-17	30-May-17
Campbelltown Digital	03-Nov-15	31-May-17
Liverpool Digital	30-Jun-15	29-Jun-17

Digital kiosk site	Opening date	Closing date
Toronto Digital	21-Mar-16	03-Jul-17
Shellharbour Digital	24-Nov-15	21-Jul-17
Woy Woy	29-Mar-17	open

Unassisted self service	Opening date	Closing date
Scone self service	09-Dec-15	Open
Culcairn self service	05-Apr-16	Open
Holbrook self service	05-Apr-16	Open
Gundagai self service	03-May-16	Open
Kyogle self service	03-May-16	Open
Peak Hill self service	15-Jun-16	Open
Toronto Library self service	Jul-17	Open
Swansea Library self service	Jul-17	Open
Morrisett Library self service	Jul-17	Open

3.3 Financial overview

The ADS program identified in the Business Case required total investment from Consolidated Fund support of \$124m (net of asset sales) over 4 years. This included \$74m for physical site deployment. Full payback of the investment to achieve this outcome was forecast as 7 years from commencement in July 2014.

The table below sets out a breakdown of ADS program CAPEX including budget versus actual expenditure.

Service NSW: ADS - 3 years to 30/6/17

Capital Expenditure	Budget	Actual	Difference	Budget	Actual	Difference	Budget	Actual	Difference
	FY 14/15 \$'000	FY 14/15 \$'000		(post CAL adj.) FY 15/16 \$'000	FY 15/16 \$'000		FY 16/17 \$'000	FY 16/17 \$'000	
Site Network establishment									
Site refurbishment	17,140	19,469	(2,329)	26,000	24,920	1,080	15,429	14,410	1,019
Site technology	17,327	6,548	10,779	8,000	7,611	389	4,771	4,615	156
Subtotal sites (SCs, Agencies, Digital Stores)	34,467	26,017	8,450	34,000	32,531	1,469	20,200	19,025	1,175
Sites to Date cumulative				68,467	58,548	9,919	88,667	77,573	11,094
Digital channel enhancements	13,300	8,003	5,297	9,500	9,114	386			0
Customer Service System integration	17,000	13,885	3,115	28,267	29,502	(1,235)		0	0
Scale projects-BAOT				11,900	11,729	171		0	0
Scale projects-other				3,500	3,401	99			0
Scale projects-total	8,918	6,257	2,661	15,400	15,130	270			0
Payments gateway	6,000	2,742	3,258	8,000	8,999	(999)		0	0
New castle Contact Centre	5,000	3,350	1,650	2,700	2,683	17	0		0
Minor works / refresh		1,985	(1,985)	0		0			0
Contingency	2,500	0	2,500	0		0	0	0	0
Total ADS Capex	87,185	62,239	24,946 (1)	97,867	97,959	(92)	20,200	19,025	1,175
Project to Date cumulative (post CAL adjustment)							205,252 (1)	179,223	26,029

(1) Note that \$25m was rolled from FY 14/15 into FY 15/16.
The figures above don't adjust for the rollover.

ADS capital funding as follows:

\$'000s	Whole ADS				Sites only			
	Original BC	Final	Actual	Better/ (worse)	Original BC	Final	Actual	Better/ (worse)
	Budget	Budget			Budget	Budget		
FY1415	87,185	87,185	62,239	24,946	34,467	34,467	26,017	8,450
FY1516	68,143	97,867	97,959	-92	34,185	34,000	32,531	1,469
FY1617	6,851	20,200	19,025	1,175	2,754	20,200	19,025	1,175
FY1718	2,823	0	0	0	2,823	0	0	0
Total	165,002	205,252	179,223	26,029	74,229	88,667	77,573	11,094

4.0 SERVICE NSW AND THE ADS BUSINESS CASE

4.1 Service NSW

Government transaction services have been traditionally delivered in a fragmented way, which negatively impacted efficiency, productivity and customer satisfaction with government services. In response, the NSW Government recognised the need to reform its service to focus on the customer and is responding through the NSW Government's Simpler Government Service Plan objectives with NSW 2021.

Part of this reform was the creation of Service NSW as a one-stop service for customers to access their various government transaction services, and to help support the delivery of four NSW 2021 goals:

- Goal 1: Improve the performance of the NSW economy;
- Goal 30: Restore trust in state and local government as a service provider;
- Goal 31: Improve government transparency by increasing access to government information; and
- Goal 32: Involve the community in decision making on government policy, services and projects.

The concept of Service NSW emanated from the NSW Government's simpler government service plan which was designed to improve customer service standards and provide a single point for customer transactions across three channels:

- a digital service;
- a 24 x 7 telephone contact; and
- a network of service centres.

Service NSW was created as a government agency in March 2013 and commenced operations in July 2013. As part of tranche 1 activities prior to the ADS program, there were 18 customer service centres established, a new website developed and the 24 x 7 telephone service was established.

4.2 Business Case

Two business cases have been approved to implement the Service NSW initiative.

The first business case was approved by the Expenditure Review Committee (ERC) in June 2012 before the establishment of Service NSW. This was referred to as the Business Case for simpler government services plan. As noted, Service NSW commenced operations in July 2013 on a proof of concept (POC) basis. At December 2013, Service NSW reported to the ERC on the outcomes from the POC phase as part of a post implementation review process.

As a result of this process, the first business case was halted and a second business case, the Accelerated Distribution Strategy (ADS) was approved in June 2014. The ADS business case was developed as a joint submission from Road and Maritime Service (RMS) and Service NSW reviewed by other key stakeholders.

It is important to note that this business case is different from the initial Tranche 1 Business Case in a number of ways. The focus of the ADS business case was on three key aspects:

- The migration of customers to digital;
- The rollout of a new innovative blend of service centres;
- The transition of RMS Customer Service Branch specifically to enable scale.

The scope of the ADS business case was focused on the accelerated rollout of Service NSW, including migration of customers towards using digital channels, and supported by a blend of service centres and enabled by the transition of RMS Customer Service Branches to Service NSW.

Roads and Maritime Services (RMS), NSW Fair Trading (FT) and the Registry of Births, Deaths and Marriages (BDM) were amongst the first user agencies to move their customer and transaction functions to SNSW. Together they represent approximately 80 per cent of SNSW transactions. The focus on the RMS transition was critical to provide the necessary scale for Service NSW going forward.

5.0 PROGRAM EVALUATION FINDINGS - NSW TREASURY GUIDELINES

In order to assess each of the relevant program evaluation criteria as set out in Section 2 Scope and Objectives, work was undertaken including interviews with key stakeholders, review of the ADS Business Case and supporting program and operational documentation with a focus on physical site deployment.

5.1 Document Management

Findings

Project document management refers to the processes and controls in place to create, distribute and store physical and digital project documentation. Sound document management practices will minimise errors and inconsistencies and facilitate access and retrieval of documents. The NSW State Archives and Records Authority has set in place document management standards, whilst mandatory for public offices, provide useful guidance on better practice standards. We note Service NSW has been subject to a number of GIPA requests for documentation and information.

Improvement opportunities

During our review we identified the following:

- The ADS program uses the TRIM records management system;
- The ADS program also uses HP Records Management 8.0 to manage program documents, however there has been limited training in the use of HP RM8.0;
- The Program Manager Andrew Woods was unable to access all documents retained on TRIM / RM8.0 due to security and access settings;
- document templates and folders were established, however were not used;
- program document management practices were undertaken in an inconsistent and incomplete manner;
- instances where we were unable to locate key program documents;
- documentation was filed in the electronic drive in an inconsistent manner;
- program related documents were held outside the Program G drive on RM8.0 and Google Drive;
- key program related emails were not stored centrally; and
- there was limited program documentation retained during the early stages of the program.

Recommendations

Consider the need to develop, train staff and implement a standard on program document management that aligns with better practice records management standards.

5.2 Value for money and accountability

Background

Affordability and value for money measures referred to in the ADS Business Case relate to securing necessary investment and demonstrating financial impacts and benefits of the program. The financial business case for investment in the acceleration of Service NSW emphasised 'digital' migration, supported by an innovative mix of service centres. Investment was expected to deliver significant benefits to customers and government.

Findings.

Whole ADS Business case CAPEX initially as at March 2014 reflected \$165m over four years. Final budget reflected an increase to \$205m. Actual spend was \$179m.

Physical Site CAPEX ADS Business case was \$74m included in above \$165m. Final budget was \$88m. Actual spend was \$77m.

As noted, the initial project brief included the merger of 21 Roads and Maritime Services (RMS) registries. Throughout the duration of the program, a further five registries, one Heavy Vehicle Inspection Station counter and four maritime counters were approved to merge.

The increase to the scope of the project during delivery is reflected in the 20% budget increase from the original business case, while the faster delivery of the project played a significant part in the 14% underspend, which is only 4.5% over the original budget.

Improvement opportunities

Supporting documentation to evidence formal approval of the increase in the program budget to \$205m, including the increase in physical site deployment capex to \$88m, was not readily available within the Program Governance Documentation.

Recommendations

There is a need to ensure that key changes to program budgets, scope and objectives are supported by an adequate documentation trail of relevant approvals by appropriately delegated officers.

We understand as part of the enhanced Change Management Procedures such information could be included in a formal Program Change Log.

5.3 Procurement

Findings

The NSW Procurement Board aims to 'ensure best value for money in the procurement of goods and services by and for government agencies' under section 171 of the Public Works and Procurement Act 1912 (the Act). Achieving value for money underpins responsible financial management and is an important element in the NSW Government's procurement scheme.

The ADS program was required to procure a range of disparate supplies and services as part of the deployment activity. In addition to building acquisition which was managed by Property NSW, procurement activity in relation to physical site deployment included fixtures, fittings, furniture and equipment, IT, security and project management. We understand that during Tranche 1 Proof of Concept phase and early stages of the ADS program during 2014 and 2015, there was limited use of tendering and market testing before service providers were appointed, and in some cases no formalised contracts supporting the engagement of furniture, fittings and equipment suppliers. As a result procurement of goods and services may not have achieved best value for money during this period.

We noted that as the ADS program progressed the site deployment program was able to drive value for money through implementation of a tender process for key services, obtaining bulk procurement discounts with key suppliers, achieving a reduction in delivery resources, a reduction in IT specifications and implementing lower cost options in rural locations. This was achieved despite an increase of 20% in the average service centre size from the original business case intent (429sqm v 360sqm). The cost reduction exercise was endorsed by the PCG and PSC in January 2016.

Improvement opportunities

Ensure better practice procurement strategies are engaged for the duration of the program to drive best value for money in the procurement of goods and services.

Recommendations

Service NSW ensure that current better practice procurement activities including tender processes, market testing and formal contracts are implemented for the duration of the Rural and Regional program.

5.4 Risk Management

Findings

There was no formal risk register developed at the commencement of the program, prior to 2015. However an ADS Site Rollout risk register was developed during 2015 and maintained to late 2016. The site rollout risk register was not maintained beyond December 2016.

Risks and issues were regularly reported via fortnightly PMO reports starting in October 2016 through to July 2017.

There was no formalised whole of program risk register identified.

Improvement opportunities

Ensure risk management practices are implemented on a consistent basis throughout the duration of the program.

Recommendations

Program Manager ensure that risks are adequately assessment and managed in accordance with better practice standards on an ongoing basis throughout the remainder of the rural and regional program.

5.5 Lessons Learnt

Findings

We identified that members of the Service NSW program team had undertaken a number of program reviews designed to identify and document lessons learnt. This included a post implementation review for service centres following Tranche 1 Proof of Concept completed in late 2014 / early 2015, which particularly focused on site implementation issues.

Improvement opportunities

We were not able to locate any post implementation review completed post ADS program which focused on physical site deployment. Feedback suggested that the process to capture lessons learnt was not centralised and may not have resulted in the incorporation of those lessons in the development of ongoing program activity.

Recommendations

Ensure that the Program Manager has knowledge and/or oversight of any future post implementation reviews or lessons learnt exercises, and that those lessons are centrally recorded and made available to be incorporated in future program activity.

6.0 TABLE OF FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

The key business issues, recommendations and management plans are presented below. The findings have been rated against the agreed Internal Audit priority scale ranging from High, Medium to Low. These recommendations and priority scale rating, determined by Internal Audit, are based on the observations made during the engagement and our assessment of risk. The explanation for the priority scale rating are as below:

Risk Rating	Action Priority Rating	Explanation
High	Significant	A control weakness or an issue that exposes the project to a high level of risk and requires urgent management resolution.
Medium	Important	A control weakness or an issue that exposes the project to a moderate level of risk and requires management resolution within three months.
Low	Minor	An issue of not resolved may expose the project to risk or a recommendation that may be of benefit to the project's control environment.

Ref	Improvement opportunities	Recommendation	Proposed action / Timeframe / Mgt responsibility
The following items relate to issues where potential review findings and recommendations have been made.			
5.1	<p>Document Management</p> <p>During our review we identified the following:</p> <ul style="list-style-type: none"> The ADS program uses the TRIM records management system; The ADS program also uses HP Records Management 8.0 to manage program documents, however there has been limited training in the use of HP RM8.0; The Program Manager Andrew Woods was unable to access all documents retained on TRIM / RM8.0 due to security and access settings; 	<p>Consider the need to develop, train staff and implement a standard on program document management that aligns with better practice records management standards.</p>	<p>Since January 2016, project filing has been centralised amongst the core project team and documents are now more readily found than in previous year. Since this time, the use of the project folder on the "G:\ drive" server has been consistently used amongst the core team.</p> <p>Service NSW has recently moved to a new platform being Google Drive.</p>

Ref	Improvement opportunities	Recommendation	Proposed action / Timeframe / Mgt responsibility
	<ul style="list-style-type: none"> document templates and folders were established, however were not used; program document management practices were undertaken in an inconsistent and incomplete manner; instances where we were unable to locate key program documents; documentation was filed in the electronic drive in an inconsistent manner; program related documents were held outside the Program G drive on RM8.0 and Google Drive; key program related emails were not stored centrally; and there was limited program documentation retained during the early stages of the program. 		<p>The project team will setup project folders and a document management process for using Google Drive and how to integrate this with the “G:\ drive”.</p> <p>The project team will review the NSW State Archives and Records Authority document management standards and where applicable, apply these to the new Google Drive structure.</p>
5.2	<p>Value for money and accountability</p> <p>Supporting documentation to evidence formal approval of the increase in the program budget to \$205m, including the increase in physical site deployment capex to \$88m, was not readily available within the Program Governance Documentation.</p>	<p>There is a need to ensure that key changes to program budgets, scope and objectives are supported by an adequate documentation trail of relevant approvals by appropriately delegated officers.</p> <p>We understand as part of the enhanced Change Management Procedures such information could be included in a formal Program Change Log.</p>	<p>Service NSW has recently engaged a Director of Change. The project team will work with the Director of Change to determine the appropriate methodology to capture and document change, particularly in relation to major scope changes.</p> <p>The Program Manager for the Rural and Regional program is currently maintaining a Change Registry for that program and is ensuring that all relevant documentation relating to scope change is captured and filed on the project server.</p>

Ref	Improvement opportunities	Recommendation	Proposed action / Timeframe / Mgt responsibility
5.3	<p>Procurement</p> <p>Ensure better practice procurement strategies are engaged for the duration of the program to drive best value for money in the procurement of goods and services.</p>	<p>Service NSW ensure that current better practice procurement activities including tender processes, market testing and formal contracts are implemented for the duration of the Rural and Regional program.</p>	<p>The project team has been working closely with the Procurement team since early 2016 to ensure all contracts are put in place for all suppliers. These contracts are reviewed regularly for currency and are being actively managed so that contracts are being maintained.</p>
5.4	<p>Risk Management</p> <p>Ensure risk management practices are implemented on a consistent basis throughout the duration of the program.</p>	<p>Program Manager ensure that risks are adequately assessment and managed in accordance with better practice standards on an ongoing basis throughout the remainder of the rural and regional program</p>	<p>The Program Manager for the Rural and Regional program is actively ensuring that the Risk Register is kept current. The Risk Register is centrally filed on the project server and available to all for reference.</p>
5.5	<p>Lessons learnt</p> <p>We were not able to locate any post implementation review completed post ADS program which focused on physical site deployment. Feedback suggested that the process to capture lessons learnt was not centralised and may not have resulted in the incorporation of those lessons in the development of ongoing program activity.</p>	<p>Ensure that the Program Manager has knowledge and/or oversight of any future post implementation reviews or lessons learnt exercises, and that those lessons are centrally recorded and made available to be incorporated in future program activity.</p>	<p>Program Manager to setup and maintain a Lessons Learnt Register so that this knowledge is formally documented. Currently changes as a result of lessons learnt are documented via email to relevant project team members but not captured centrally.</p>

7.0 APPENDIX A – BROADER ADS PROGRAM FINDINGS

A summary of our observations in relation to broader ADS program related components is set out below. As noted, we have not provided further detail within this report as these components are considered to be outside the scope of our current site rollout evaluation.

Broader Observations

Service delivery

A number of key service criteria are reported as being met including:

- Customer satisfaction levels are being reported as: Service centres - 97%,
- Contact centres – 98%, Digital services – 86%.
- Service coverage now at 95.7%.
- Digital transactions reported to be 70% at present.

In order to try and increase digital adoption, there is a larger number of digital self-service kiosks located within Service Centres – on average eight rather than five originally forecast in the business case.

Agency processes were migrated to Service NSW on a “best value” basis. As a result, a number of processes that were initially contemplated at the time of the ADS Business Case have not yet been migrated to Service NSW and digital adoption has lower than originally expected, resulting in a higher level of foot traffic through service centres.

It was noted by the Audit Office of NSW review that while Service NSW is providing an efficient and cost effective service, it was difficult to compare service and performance levels of Service NSW with other agencies due to a lack of baseline data in other agencies. As a result of the fragmented service delivery, it was difficult for the NSW Government to get a true indication of the costs required to service its customers

Service NSW measures customer satisfaction through feedback from its’ customers.

Value for Money and affordability

Refer key findings relating to Benefits realisation.

Recurrent savings of \$56m p.a. from 2018/19 reflected in ADS Business Case. Whole ADS Business case CAPEX initially as at March 2014 reflected \$165m over four years.

Final budget reflected an increase to \$205m.

Actual spend was \$179m.

As noted, the initial project brief included the merger of 21 Roads and Maritime Services (RMS) registries. Throughout the duration of the program, a further five registries, one Heavy Vehicle Inspection Station counter and four maritime counters were approved to merge.

Broader Observations

The increase to the scope of the project during delivery is reflected in the 20% budget increase from the original business case, while the faster delivery of the project played a significant part in the 14% underspend, which is only 4.5% over the original budget.

However we were unable to obtain supporting documentation to evidence formal approval of the increase in the program budget to \$205m.

Recurrent savings of \$55.6m p.a. from 2018/19 reflected in ADS Business Case. Service NSW are not aware that recurrent savings are being monitored.

There is a need to ensure that key changes to program budgets, scope and objectives are supported by an adequate documentation trail of relevant approvals by appropriately delegated officers.

Estimated recurrent annual savings of \$55.6m should be evaluated and monitored on a periodic basis.

Sustainability

Refer key findings relating to Benefits realisation.

Governance

The role of Program Director changed a number of times during the program. As a result, the program suffered from loss of corporate/program knowledge and inadequate document management practices.

Our review identified that numerous briefings with Government Ministers were held during the program, in particular in relation to the location of proposed SNSW sites and changes to existing RMS service centres. However in the majority of cases documentation (meeting Agenda, attendees, minutes, actions) in relation to these meetings was not retained.

Risk management

An ADS Site Rollout risk register was developed during 2015 and maintained to late 2016. There was no formal risk register developed at the commencement of the program, prior to 2015.

The site rollout risk register was not maintained beyond December 2016.

However risks and issues were regularly reported via fortnightly PMO reports starting in October 2016 through to July 2017.

There was no formalised whole of program risk register.

Stakeholder management

Ongoing stakeholder management activities have occurred throughout the rollout of the ADS program.

Based on our evaluation stakeholder management across the program demonstrated ongoing and strategic engagement, with a focus on the service centre roll out. The approach undertaken was generally in alignment with the approach to Stakeholder management outlined in the ADS Business Case.

Business Change management

Based on our evaluation, change management processes across the program were undertaken in an efficient and effective manner. The approach undertaken

Broader Observations

to Change Management was generally in alignment with the approach outlined in the ADS Business Case.

Program Change control

During our review we noted that there was a breakdown in processes and controls relating to program change controls. We were unable to identify and/or review supporting documentation including approvals for a number of significant program changes, in particular changes to program scope during the early phases of the ADS program. For example, we were unable to locate documentation supporting the approval of the following:

- Merging of additional five Motor Registries, one Heavy Vehicle Inspection Station counter and four maritime counters resulted in increased budget.
- Changes to budget year on year.
- Mini branches and pods not undertaken.

Benefits realisation – whole of government and SNSW scorecard

The balanced scorecard reported by Service NSW notes that all key measurements are either on track or progressing satisfactorily to the 2017/18 target, with one exception – contact centres call response times for Registration and Licensing queries.

The Audit Office of NSW (AONSW) undertook a comprehensive review of the ADS program benefits realisation framework during 2016. Service NSW had the opportunity to respond to the findings and recommendations of the AO NSW review. The AONSW review raised a number of opportunities for improvement.

Governance of Whole of Government benefits.

The overall governance responsibility for benefits management, including the definition, identification, measurement, realisation and reporting of the whole-of-government benefits requires buy-in at the agency level and further support from the central agencies such as Treasury and DPC in order to complement what Service NSW is currently doing in this regard. The current lack of clarity in this regard may impact existing and new program initiatives being implemented by Service NSW.

In our view, this is also a matter for consideration in conjunction with the key central agencies of government, as the CSC or Service NSW do not have the resources or authority to address this matter.a robust and centralised approach to whole of government benefits is necessary to achieve the benefits to the overall government sector from the Service NSW initiative.... The Audit Office notes that agencies have not developed benefits realisation frameworks and that baseline measures were not established and validated to enable the measurement of savings and benefits over time..”

Payments Gateway

Broader Observations

The Payments Gateway was a component of the Service NSW service delivery model. The Payments Gateway has not been finalised within forecast timeframes and is currently over-budget. The initial business case budget was approximately \$15m, during the first two years there was an underspend due to slow progress - \$11m, and further funding was obtained through funding from 2016/17 Strategic Roadmap beyond the \$15m budget.

NSW Treasury Gateway review process

The ADS Program provided for at least four NSW Treasury Gateway reviews. Noted the initial review was completed after the ADS Business Case was approved. Also unsure whether further three reviews were completed by NSW Treasury.

CONTACT

Oakton Services Pty Ltd ABN 31 100 103 268

Melbourne *Head office* Level 8, 271 Collins Street Melbourne VIC 3000 Australia
t +61 3 9617 0200 f +61 3 9621 1951

Sydney Ground Floor, Tower 3, Darling Park, 201 Sussex Street, Sydney NSW 2000 t +61 2 8249 5000

Canberra Unit 2, 45 Wentworth Avenue Kingston ACT 2604 Australia
t +61 2 6230 1997 f +61 2 6230 1919

Brisbane Level 22, 141 Queen Street Brisbane QLD 4000 Australia
t +61 7 3136 2900 f +61 7 3136 2999

Perth Level 10, 66 St Georges Terrace Perth WA6000 Australia
t +61 8 9222 8300

Hyderabad Krishe-e 8-2-293 Plot 499 Road 36 Jubilee Hills 500033 Hyderabad India
t +91 40 23552694 VoIP: +61 3 9617 0294

Oakton Services Pty Ltd (ABN 31 100 103 268) ("Oakton") has used reasonable endeavours to ensure that the contents of this document are correct at the time of publication. However, future events cannot reliably be predicted accurately. Oakton makes no statements, representations or warranties about the accuracy or completeness of, and you should not rely on, any information relating to this document, including forecasts and estimates and information as to future matters ('Information') disclosed to you by Oakton. To the full extent permitted by law, Oakton disclaims all responsibility for Information and all liability (including without limitation, liability in negligence) for all expenses, losses, damages and costs you may incur as a result of the Information being inaccurate or incomplete in any way for any reason.

Inherent Limitations

Because of the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. A Management Assurance Review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Future events cannot reliably be predicted accurately. Oakton makes no statements, representations or warranties about the accuracy or completeness of, and you should not rely on, any information relating to this document, including forecasts and estimates ('Information') disclosed to you by Oakton. To the full extent permitted by law, Oakton disclaims all responsibility for Information and all liability (including without limitation, liability in negligence) for all expenses, losses, damages and costs you may incur as a result of the Information being inaccurate or incomplete in any way for any reason.

© **Oakton Services Pty Ltd 2018**. This work is copyright. Except as permitted under the Copyright Act 1968 (Cth), no part of this publication may be reproduced by any process, without the written permission of Oakton Services Pty Ltd.

Oakton is a registered trademark of Oakton Limited